

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 376 - HB 1361

February 20, 2019

SUMMARY OF BILL: Deletes the authorization to charge monitoring inspection fees applicable to each new manufactured home built in this state.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue - \$633,400/Manufactured Housing Fund

Assumptions:

- Pursuant to Tenn. Code Ann. § 68-126-211, and under the Uniform Standards Code for Manufactured Homes Act, the Department of Commerce and Insurance (DCI) is statutorily obligated to inspect all factories, warehouses, establishments, or locations in this state in which manufactured homes are manufactured, sold, leased, or distributed. The State acts exclusively as the In-Plant Primary Inspection Agency (IPIA) for HUD.
- Manufacturers are required to pay inspections at rates determined by the Secretary of the Department of Housing and Urban Development (HUD), which are currently set at \$40 per inspection hour, \$30 per floor on which a HUD label is attached, plus any costs to reimburse an inspector for reasonable and necessary expenses incurred to conduct inspection services in excess of those required by the *Act*.
- Revenue collected by conducting inspections, including HUD label fees and expense reimbursements, is deposited in the Manufactured Housing Fund (MFH) created pursuant to Tenn. Code Ann. § 68-126-406(c) and is utilized to fund regulatory activities pertaining to manufactured homes. Funds deposited in the MFH do not revert to the General Fund at the end of the fiscal year. Inspectors are permanent employees of DCI, and their salaries are not contingent on the amount of fee revenue collected.
- Based on information received from the Division of Fire Prevention (DFP), the prior three-year average of revenue collected from these inspections is \$633,410.
- The recurring decrease in state revenue from the MFH is estimated to be \$633,410.
- There will be no corresponding decrease in inspector positions, as the DFP will be required under federal law to continue the inspection of new manufactured homes.

IMPACT TO COMMERCE:

Decrease Business Expenditures - \$633,400

Assumption:

- Businesses that produce manufactured homes will experience a recurring decrease in business expenditures of \$633,410 per year.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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